

Message Text

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SUBJ: FY 76 EVENTU SCHEDULE-IN STORE PROMOTION

FOR COMMERCE

REF: STATE 244101, MILAN TC 0501

1. WITH REFERENCE TO PARA FIVE OF STATE 274101, UNLESS COMMERCE ABLE AND PREPARED TO BE EXTREMELY FLEXIBLE IN ITS FUNDING PRACTICES, WE NOW HAVE STRONG DOUBTS AS TO WHETHER WE CAN REALISTICALLY EXPECT TO BE ABLE TO MOUNT AN IN-STORE PROMOTION WITH LA RINASCENTE IN FY76.

2. DURING RECENT VISIT OF CHARLES JOHNSON WE HEARD FROM DOMENICO LONGO DENTE, VICE DIRETTORE CENTRALE, LA RINASCENTE-UPIM, THAT COMPANY NOW GROWINGLY CONVINCED THAT CONCEPT OF STORE-WIDE PROMOTIONS NO LONGER VALID. INSTEAD THEY NOW PLANNING CONCENTRATE IN SERIES OF DEPARTMENTAL PROMOTIONS IN WHICH ALL GOODS IN DEPARTMENT, WHETHER THEY BE ITALIAN, AMERICAN, GERMAN, FRENCH, ETC. WOULD BE GIVEN EQUAL DISPLAY AND PROMOTIONAL BACKING. WE GATHERED FROM LONGO DENTE THAT WHILE STORE WOULD OF COURSE BE GLAD TO BE ABLE RECEIVE PROMOTIONAL SUBSIDY FROM COMMERCE IF IT COULD BE SPREAD OUT OVER TIME TO COVER SEVERAL DEPARTMENTAL PROMOTIONS, THEY WOULD NOT RPT NOT BE WILLING GIVE ANY PARTICULAR PROMOTIONAL OR DISPLAY SPACE PROMINENCE US MADE GOODS WITHIN GENERAL DEPARTMENTAL PROMOTION. WE DO NOT THINK LA RINASCENTE PREPARED GIVE IN ON THIS MATTER FOR THE MEDIUM-TERM FUTURE. THUS POSSIBILITY DOING SOMETHING IN FY-76 OR

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SUBSEQUENTLY WILL DEPEND ON WHETHER IT WOULD BE POSSIBLE WORK

OUT SOME TYPE OF FUNDING SCHEME WITHIN PARAMETERS STATED BY LA RINASCENTE. SINCE WE ASSUME RINASCENTE WAY OF THINKING IS INCOPATIBLE WITH PRESENT COMMERCE IN-STORE PROMOTION POLICY WE WILL NOT REOPEN NEGOTIATIONS WITH RINASCENTE UNLESS WE RECEIVE SPECIFIC INSTRUCTIONS FROM COMMERCE.

3. POSSIBILITY REMAINS OF EVENTUALLY DOING SOMETHING WITH LA RINASCENTE'S JUST CREATED CATALOGUE SALES DEPARTMENT. HOWEVER, THIS DEPARTMENT ONLY JUST LAUNCHED ON A TEST MARKET BASIS AND IT IS TOO EARLY TO KNOW WHETHER IT WILL BE CONTINUED AND EXTENDED TO OTHER AREAS OF ITALY.

4. POSSIBILITY ALSO REMAINS OF EVENTUALLY WORKING SOMETHING OUT WITH ONE OF OTHER CATALOGUE SALES HOUSES ALREADY STRONGLY INSTALLED IN ITALIAN MARKET. IN THIS CONNECTION, WE IN PROCESS OF PREPARING AIRGRAM ON ITALIAN CATALOGUE SALES INDUSTRY. HOWEVER, WE WOULD BE ENTERING VIRGIN TERRITORY AND WOULD NEED PRECISE INFO FROM COMMERCE AS TO HOW THIS CONCEPT IS EXPECTED TO WORK OUT IN PRACTICAL TERMS. FOR THIS REASON WE INCLINED BELIEVE IT WOULD BE DIFFICULT REACH AGREEMENT FOR FY-76.
FINA

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